

Offered: 4/17/86  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 604 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state support for education; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.17.021 is repealed and reenacted to read:

10 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
11 assistance that a school district is eligible to receive from the  
12 public school foundation account in each fiscal year is initially  
13 calculated by multiplying the funding unit value established under  
14 AS 14.17.056 by the total number of allowable funding units for the  
15 district established under AS 14.17.045.

16 (b) The amount of assistance established under (a) of this  
17 section is then reduced by

18 (1) for all school districts, 80 percent of the federal  
19 financial assistance received by the district under 20 U.S.C. 236 -  
20 244 (P.L. 81-874, as amended) for the preceding fiscal year, or some  
21 lower percentage of that assistance if necessary to comply with 20  
22 U.S.C. 240(d) and the regulations adopted under it (34 C.F.R. Part  
23 222, subpart G);

24 (2) for city or borough school districts, an amount equal  
25 to an assessment of two mills on 100 percent of the full and true  
26 value, as reported by the Department of Community and Regional Affairs  
27 under AS 14.17.140, of the taxable real and personal property in the  
28 district on January 1 of the assessment year preceding the year in  
29 which the fiscal year in (a) of this section begins, up to a limit of

1       \$1,000 per mill, multiplied by the district's ADM/FTE.

2       \* Sec. 2. AS 14.17.022 is amended to read:

3             Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.

4       Funds for providing centralized correspondence study programs for  
5       students not enrolled in an approved school district correspondence  
6       study program must [SHALL] include an amount [APPROPRIATION] from the  
7       public school foundation account [IN AN AMOUNT] calculated by multi-  
8       plying the funding unit value established under AS 14.17.056 by the  
9       number of allowable basic funding units that would be established  
10       under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11       centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12       NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13       CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14       \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15             Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
16       funding units within each school district for any fiscal year is the  
17       sum of the following, calculated to the third decimal place, for that  
18       fiscal year:

19             (1) the number of basic funding units for each city or  
20       unincorporated community in the district, calculated under AS 14.17.-  
21       055(a);

22             (2) the number of funding units for cities or unincorporat-  
23       ed communities in the district with low school enrollments calculated  
24       under AS 14.17.055(b);

25             (3) the number of funding units for districts with low  
26       school enrollments that have at least one city or unincorporated  
27       community with an ADM/FTE greater than 500, calculated under AS 14.-  
28       17.055(c);

29             (4) the number of funding units for special education

1 calculated under AS 14.17.055(d);

2 (5) the number of funding units for bilingual/bicultural  
3 education calculated under AS 14.17.055(e);

4 (6) the number of funding units for vocational education  
5 calculated under AS 14.17.055(f);

6 (7) the number of funding units for training and experience  
7 of district personnel calculated under AS 14.17.055(g); and

8 (8) the number of district location units for the district  
9 calculated under AS 14.17.055(h).

10 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
12 of basic funding units for each district is the sum of units calculat-  
13 ed by the department for each city or unincorporated community within  
14 the district according to the following table:

15	(1) Kindergarten	ADM/FTE x 1.3
16	(2) Grades 1 - 2	ADM/FTE x 1.15
17	(3) Grades 3 - 6	ADM/FTE x 1.0
18	(4) Grades 7 - 12	ADM/FTE x 1.2

19 (b) Small school funding units for cities or unincorporated  
20 communities with K - 12 ADM/FTE of 500 or less are calculated accord-  
21 ing to the following table:

22	ADM/FTE	UNITS
23	1 - 10	25
24	11 - 15	25 + (4 x (ADM-10))
25	16 - 25	45 + (1 x (ADM-15))
26	26 - 200	55 + (0.5 x (ADM-25))
27	201 - 500	142.5 + (0.025 x (ADM-200))

28 (c) Economy of scale units are calculated according to the  
29 following formula for school districts with K - 12 ADM/FTE greater

1 than 500 and no more than 3,500, and with at least one city or unin-  
2 corporated community with an ADM/FTE greater than 500:

3 Units =  $\frac{(3,500 - \text{District ADM/FTE}) \times 150}{3,000}$   
4

5 (d) Special education funding units according to the following  
6 table are added for each city or unincorporated community within the  
7 district based on the number of students enrolled in each program  
8 category on the last day of the counting period under AS 14.17.170  
9 that is used to determine state aid:

10 (1) Resource Services

11	Enrollment	Funding Units
12	1 - 8	10.000
13	9 - 18	20.000
14	Over 18	20 x (Enrollment/18)

15 (2) Self-Contained Services

16	Enrollment	Funding Units
17	1 - 5	10.000
18	6 - 10	20.000
19	Over 10	20 x (Enrollment/10)

20 (3) Gifted-Talented Services

21	Enrollment	Funding Units
22	1 - 9	5.000
23	10 - 19	10.000
24	20 - 29	15.000
25	30 - 40	20.000
26	Over 40	20 x (Enrollment/40)

27 (4) Intensive Services

28	Enrollment	Funding Units
29	3	20.000

1 Over 3 20 x (Enrollment/3)

2 (e) Bilingual/bicultural funding units are calculated by multi-  
3 plying by 0.7 the number of students enrolled in bilingual classes,  
4 approved by the department, as of the last day of the counting period  
5 under AS 14.17.170 that is used to determine state aid.

6 (f) Vocational education funding units are calculated by multi-  
7 plying by .5 the number of ADM/FTE students enrolled in vocational  
8 education classes approved by the department, as of the last day of  
9 the counting period under AS 14.17.170 that is used to determine state  
10 aid.

11 (g) District training and experience funding units for any  
12 fiscal year are calculated by multiplying 40 percent of the subtotal  
13 of units calculated under (a), (b), (c), (d), (e), and (f) of this  
14 section for that fiscal year by the district's training and experience  
15 index. The training and experience index is determined as follows:

16 (1) the department shall assign each district teacher to a  
17 value in the following table in accordance with regulations adopted by  
18 the department:

		Training					
		BA	BA+	MA	MA+18	MA+36	MA+54
Years of Experience		1	2	3	4	5	6
0		0.00	0.05	0.15	0.20	0.25	0.30
2		0.10	0.15	0.25	0.30	0.35	0.40
5		0.25	0.30	0.40	0.45	0.50	0.55
8		0.35	0.40	0.50	0.55	0.60	0.65
10			0.50	0.60	0.65	0.70	0.75
12				0.65	0.70	0.75	0.80
15				0.75	0.80	0.85	1.00

29 In the training side of this table,

1 (A) column 1 refers to a salary based upon a bache-  
2 lor's degree;

3 (B) column 2 refers to a salary based upon semester  
4 hours beyond a bachelor's degree but less than a master's degree;

5 (C) column 3 refers to a salary based upon a master's  
6 degree or its equivalent;

7 (D) column 4 refers to a salary based upon a master's  
8 degree plus 18 or more, but fewer than 36, semester hours of  
9 training or the equivalent;

10 (E) column 5 refers to a salary based upon a master's  
11 degree plus 36 or more, but fewer than 54, semester hours of  
12 training or the equivalent;

13 (F) column 6 refers to a salary based upon a master's  
14 degree and 54 or more semester hours of training or the equiva-  
15 lent;

16 (2) each district's training and experience index is the  
17 average of the values assigned to all teachers in the district under  
18 (1) of this subsection, minus the average of the district with the  
19 lowest average.

20 (h) District location units for each district are calculated by  
21 multiplying 60 percent of the district's subtotal of units under (a),  
22 (b), (c), (d), (e), and (f) of this section by the district's location  
23 index in the following table:

24	District	District Location Index
25	Adak	0.500
26	Alaska Gateway	0.300
27	Aleutians	1.000
28	Anchorage	0.000
29	Annette	0.350

1	Bering Strait	0.850
2	Bristol Bay	0.500
3	Chatham	0.350
4	Chugach	0.180
5	Copper River	0.300
6	Cordova	0.130
7	Craig	0.350
8	Delta	0.300
9	Dillingham	0.500
10	Fairbanks	0.100
11	Galena	0.500
12	Haines	0.130
13	Hoonah	0.130
14	Hydaburg	0.350
15	Iditarod	0.750
16	Juneau	0.050
17	Kake	0.350
18	Kashunamiut	0.650
19	Kenai	0.050
20	Ketchikan	0.050
21	King Cove	0.500
22	Klawock	0.350
23	Kodiak	0.180
24	Kuspuk	0.750
25	Lake & Peninsula	0.850
26	Lower Kuskokwim	0.650
27	Lower Yukon	0.650
28	Matanuska-Susitna	0.000
29	Nenana	0.300

1	Nome	0.500
2	North Slope	1.000
3	Northwest	0.850
4	Pelican	0.350
5	Petersburg	0.050
6	Pribilofs	0.650
7	Railbelt	0.300
8	Sand Point	0.500
9	Sitka	0.050
10	Skagway	0.130
11	Southeast	0.350
12	Southwest	0.850
13	St. Mary's	0.650
14	Tanana	0.650
15	Unalaska	0.650
16	Valdez	0.130
17	Wrangell	0.050
18	Yakutat	0.350
19	Yukon Flats	0.850
20	Yukon Koyukuk	0.850
21	Yupiit	0.650

22 \* Sec. 5. AS 14.17.056 is amended to read:

23       Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE.    The funding  
24       [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after  
25       July 1, 1986 shall be equal to the amount appropriated by the  
26       legislature to the public school foundation account for the fiscal  
27       year, divided by the total number of allowable funding units for all  
28       districts under AS 14.17.045 [1982, IS \$42,450. THE BASE INSTRUCTION  
29       UNIT VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

1 \* Sec. 6. AS 14.17.080 is amended to read:

2           Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
3 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
4 shall submit to the department, in the manner and on forms to be  
5 prescribed by the commissioner, a preliminary report of estimates and  
6 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
7 YEAR] of the amount of [BASIC] state aid for which the district is  
8 eligible the following fiscal year under AS 14.17.021[; AND THE AMOUNT  
9 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
10 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
11 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 - 14.17.150]. The  
12 preliminary reports required by this section [COMPUTATIONS] are the  
13 basis for requesting legislative appropriations and for making prelim-  
14 inary payments under the public school foundation program for the  
15 following fiscal year.

16 \* Sec. 7. AS 14.17.082(a) is amended to read:

17           Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
18 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
19 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
20 stricted, undesignated [A] fund balance, as defined by the department  
21 by regulation, in the school operating fund of seven percent of its  
22 expenditures for the preceding fiscal year. Each district having an  
23 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
24 unrestricted, undesignated [A] fund balance of 10 percent of its  
25 expenditures for the preceding fiscal year.

26 \* Sec. 8. AS 14.17.082(b) is amended to read:

27           (b) The commissioner shall review the annual audit of each  
28 district to ascertain changes in the year-end operating fund balance  
29 of the districts, and notify districts and the board, through a

1 written report, of any unrestricted, undesignated fund balances  
2 [BALANCE ACCUMULATION] greater than that permitted under (a) of this  
3 section.

4 \* Sec. 9. AS 14.17.082(c) is repealed and reenacted to read:

5 (c) The amount by which a district's eligibility for state  
6 assistance under AS 14.17.021 or 14.17.035 exceeds the amount per  
7 ADM/FTE that it received for the preceding fiscal year, must be  
8 reduced in any fiscal year by the amount by which the district's  
9 unrestricted, undesignated fund balances exceed the amount permitted  
10 under (a) of this section.

11 \* Sec. 10. AS 14.17.150 is amended to read:

12 Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
13 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
14 reports submitted by each district under AS 14.17.080, to determine  
15 that data are correctly reported and estimates and computations are  
16 made in accordance with the department's regulations [THEY ARE COR-  
17 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
18 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commission-  
19 er shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
20 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
21 information available, and give notice of the corrections [CORRECTED  
22 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW SUPPLE-  
23 MENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS SUP-  
24 PLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION PROGRAM  
25 COMPUTATIONS.]

26 (b) The commissioner shall reduce the data, estimates, and  
27 computations reported by the districts and the computations made by  
28 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
29 other [ANOTHER] form helpful in determining the amount of state aid

1        for which each district is eligible [EXAMINING THE COMPUTATIONS OF THE  
2        DISTRICTS] and shall transmit the report to the governor. The commis-  
3        sioner shall maintain additional copies of this report in the commis-  
4        sioner's office as a matter of public record. This report must  
5        [SHALL] be entitled "Public School Foundation Program Computations."

6        \* Sec. 11. AS 14.17.160 is amended to read:

7                Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
8        The commissioner shall determine the state aid for each school dis-  
9        trict for each fiscal year based on the pre-fiscal year estimates  
10       contained in the preliminary reports submitted under AS 14.17.080 [ON  
11       THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS]. Beginning July 15 of  
12       each [THE] fiscal year and on the 15th day of each month[,], for the  
13       next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
14       state aid as so determined must [SHALL] be distributed.

15       \* Sec. 12. AS 14.17.170 is amended to read:

16                Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
17        district shall make a report at the end of the 20-school-day period  
18        ending the fourth Friday in October, and may make a report at the end  
19        of the 20-school-day period ending the second Friday in February that,  
20        in accordance with regulations adopted by the department, reports  
21        [FIRST NINE WEEKS OF SCHOOL, WHICH CONTAINS A NEW ESTIMATE OF] its  
22        average daily membership for that counting period, [THE FISCAL YEAR]  
23        and other information that [WHICH] will aid the commissioner in making  
24        a more accurate determination of each district's state aid. The  
25        October report, or the February report if it makes the district eligi-  
26        ble for more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF  
27        AVERAGE DAILY MEMBERSHIP SHALL BE] the basis for the computation and  
28        distribution of each district's state aid for the balance of the  
29        fiscal year. As soon as possible after receiving each district's

1 report [THE COMMISSIONER SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND  
2 INFORMATION, MAKE A RECOMPUTATION OF EACH DISTRICT'S STATE AID.  
3 BEFORE DECEMBER 2], the commissioner shall notify each district of  
4 changes made in the number of funding units calculated for that dis-  
5 trict [ITS STATE AID]. The commissioner shall also determine whether  
6 the money in the public school foundation account is sufficient to  
7 meet each district's state aid for the fiscal year, and, if the money  
8 is not sufficient, the commissioner shall immediately inform the  
9 governor of the amount of additional appropriation the commissioner  
10 estimates will be necessary to carry out the public school foundation  
11 program for the rest of the fiscal year. Beginning April [FEBRUARY]  
12 15 and on the 15th of each subsequent month, one-third [ONE-FIFTH] of  
13 the recomputed balance of each district's state aid must [SHALL] be  
14 distributed. [HOWEVER, ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD  
15 PENDING A FINAL DETERMINATION OF THE DISTRICT'S STATE AID.]

16 \* Sec. 13. AS 14.17.180 is amended to read:

17 Sec. 14.17.180. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
18 16 each district shall transmit to the commissioner a final report of  
19 its enrollment and other information required by the commissioner  
20 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
21 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
22 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL  
23 DISTRICT TO STATE AID UNDER AS 14.17.021 BE LESS THAN THAT COMPUTED  
24 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
25 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
26 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
27 JUNE 30]. If the district received more state aid money than it was  
28 entitled to under this chapter, it shall immediately, after notice  
29 from the commissioner of the overpayment, remit the amount of

1 overpayment to the commissioner to be returned to the public school  
2 foundation account. If the remittance is not made within 30 days  
3 after the date of the commissioner's notice, the commissioner shall  
4 withhold the amount of the overpayment from subsequent payments to the  
5 district under this chapter.

6 \* Sec. 14. AS 14.17.190 is amended to read:

7       Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
8 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
9 school foundation money distributed to a district, together with any  
10 interest earned by the district on the money, must [DURING A YEAR  
11 SHALL] be received, held, and expended by the district subject to the  
12 provisions of law and regulations adopted [PROMULGATED] by the depart-  
13 ment.

14       (b) Each district shall maintain financial records of the re-  
15 ceipt and disbursement of public school foundation money, interest  
16 earned on that money, and money acquired from local effort. The  
17 records must be in the form required by the commissioner and are  
18 subject to audit by the commissioner or the board at any time.

19 \* Sec. 15. AS 14.17.225(b) is amended to read:

20       (b) Money [FUNDS] to carry out the provisions of this chapter  
21 [AS 14.17.010 - 14.17.190] may be appropriated annually by the legis-  
22 lature into the public school foundation account. If the amount  
23 appropriated to the account for any fiscal year exceeds the alloca-  
24 tions otherwise authorized under this chapter, the excess money must  
25 be distributed pro rata among those school districts eligible for less  
26 aid per ADM/FTE under AS 14.17.021 than they would have received under  
27 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
28 upon the funding units that those districts are eligible to receive  
29 under this chapter. If amounts in the account are insufficient to

1 meet the allocations authorized under this chapter, the available  
2 money [AS 14.17.010 - 14.17.190, SUCH FUNDS AS ARE AVAILABLE] shall be  
3 distributed pro rata among centralized correspondence study programs  
4 and each school district based upon the funding units for which they  
5 are eligible under this chapter [DISTRICT'S BASIC NEED].

6 \* Sec. 16. AS 14.17.250(1) is amended to read:

7 (1) "ADM" or "average daily membership" means the aggregate  
8 days of membership of pupils divided by the actual number of days in  
9 session for the school term;

10 \* Sec. 17. AS 14.17.250(17) is amended to read:

11 (17) "ADM/FTE" or "ADM full-time equivalent" means the  
12 average daily membership (ADM) as proportionately reduced, under  
13 regulations adopted by the department, to reflect the enrollment of  
14 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
15 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
16 PERIODS IN THE SCHOOL DAY];

17 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
18 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
19 and (19) are repealed.

20 \* Sec. 19. The Department of Education may adopt regulations under  
21 AS 14.17.200 to implement the changes made by this Act. Those regulations  
22 take effect in accordance with the Administrative Procedure Act (AS 44.62),  
23 but not before the effective date of secs. 1 - 18 of this Act.

24 \* Sec. 20. Section 19 of this Act takes effect immediately in accor-  
25 dance with AS 01.10.070(c).

26 \* Sec. 21. Sections 1 - 18 of this Act take effect July 1, 1986.